



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

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MEMORANDUM

TO: Directors, Exceptional Children Programs
Lead Administrators, Charter Schools

FROM: William J. Hussey, Director *WJH*
Exceptional Children Division

SUBJECT: Changes to DMA LEA Medicaid Clinical Coverage Policy 10-C

The NC Division of Medical Assistance (DMA) posted changes to Clinical Coverage Policy 10-C for Local Education Agencies on July 1, 2018. This memo summarizes key changes to the LEA policy. Please read the full policy at [here](#). Several revisions to the policy will positively impact services and reimbursement as a result of sustained collaboration among the Division of Medical Assistance, the Department of Public Instruction, the North Carolina Council of Administrators of Special Education (NC CASE), and other stakeholders.

As with all previous versions of the LEA Medicaid policy, federal, state, and local policies governing education for all students, including students with disabilities, supersede Medicaid requirements when/if there are differences between education and Medicaid requirements. When educational and Medicaid policies align—a determination made *after* a Medicaid-enrolled student's educational supports and services are designed—LEAs are strongly encouraged to access Medicaid reimbursement for covered services.

SECTION	CHANGE	ANTICIPATED IMPACT FOR LEAs
Section 1.0	Removed services descriptions section 1.2 through 1.7	Evaluation and treatment services in the areas of: Physical Therapy; Occupational Therapy; Speech-Language Therapy; Audiology Therapy; Nursing Services; and Psychological and Counseling Services continue to be covered and are now described in Section 3.3-3.8. The removal of descriptions for Physical Therapy and Occupational Therapy necessitates evaluation and treatment documentation clearly articulates the skilled/specially-designed/licensure-required nature of the service provided.
Subsection 3.3 and 3.4	Removed the references to the American Physical Therapy Association (APTA), the American Occupational Therapy Association	Per above, removal of descriptive details for PT and OT emphasize the importance of clear documentation of evaluation and treatment activities to ensure claims

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	(AOTA) and Exception: A specific “treatable” functional impairment that impedes ability to participate in productive activities needs to be identified as the basis for beginning treatment rather than a specific “reversible” functional impairment that impedes ability to participate in productive activities.	meet medically necessity standards in post-payment review.
Subsection 3.5	Removed references to publications and the American Speech Hearing Association (ASHA). Added Medicaid shall cover medically necessary outpatient speech language therapy treatment. The following criteria apply for beneficiaries birth through 20 years of age:	No perceived impact.
Subsection 3.5	Removed gliding under 4 years, 0 months and added gliding under 5 years and 0 months	Changes coverage of treatment for gliding to students age 5+ years.
Subsection 3.5	Updated requirements for Augmentative Communication	Adds requirement that selection of a device must meet the criteria specified in clinical coverage policy 5A-1, Physical Rehabilitation Equipment and Supplies , p.33. Treatment must employ the use of a dedicated speech generating device that produces digitized or synthesized speech output.
Subsection 3.6	Updated requirements for Aural Rehabilitation and Central Auditory Processing Disorder	Limits coverage for evaluation of central auditory processing disorders to evaluations conducted by audiologists. Revises list of covered central auditory tests. Adds requirement that diagnosis of CAPD be based on a score of two (2) standard deviations below the mean on at least two (2) assessments. Removes specific requirements for treatment planning, discharge, and follow-up of aural rehabilitation services. Clarifies that language therapy sessions provided on the same date of service as aural rehabilitation therapy treatment sessions are not covered.
Subsection 3.7	Added Nursing services are services directly related to a written plan of care (POC) based on a licensed Medical Doctor (MD), Doctor of Podiatric Medicine (DPM), Doctor of Osteopathic Medicine (DO), Physician Assistant (PA), Nurse Practitioner (NP) or Certified Nurse Midwife (CNM) written order. The	Adds requirement for a separate written plan of care (e.g., nursing interventions/procedures needed to support a student’s Individual Healthcare Plan, IEP, 504 Plan, or other support plan) as an auditable document for post-payment review of a nursing claim. LEAs will need to support and monitor nursing POCs in the same manner they have been supporting/monitoring POCs for PT, OT, and SLP.

	POC must be developed by a registered nurse (RN).	
Subsection 3.8	<p>Added Psychological/Counseling Services This service may include testing and clinical observation as appropriate for chronological or developmental age for one or more of the following areas of functioning:</p> <ul style="list-style-type: none"> a. emotional/personality; b. adaptive behavior; or c. behavior. <p>The service must be provided by one of the following:</p> <ul style="list-style-type: none"> a. Licensed Psychologist (LP) b. Licensed Psychological Associate (LPA) c. Licensed Professional Counselor (LPC) d. Licensed Professional Counselor Associate (LPCA) e. Licensed Clinical Social Worker (LCSW) f. Licensed Clinical Social Worker Associate (LCSWA) g. School Psychologist (SP) 	<p>Removes coverage for cognitive, perceptual, and visual motor assessment by listed psychological/counseling provider types.</p> <p>Adds Licensed Professional Counselor (LPC), Licensed Professional Counselor Associate (LPCA), and Licensed Clinical Social Worker Associate (LCSWA) as covered providers.</p>
Subsection 3.9	<p>Added Evaluation services are the administration of an evaluation protocol, involving testing and clinical observation as appropriate for chronological or developmental age, which results in the generation of a written evaluation report. This protocol may include interviews with parent(s), legal guardian(s), other family member(s), other service providers, and teachers as a means to collect assessment data from inventories, surveys, and questionnaires.</p>	<p>Clarifies requirement for a written evaluation report for all covered services.</p> <p>Removes requirement for service to appear on subsequent IEP for reimbursement of evaluation. Now, evaluations and re-evaluations are covered regardless of what services are included in the IEP, as long as other Medicaid policy requirements are met.</p>
Subsection 3.10	Updated requirements for Treatment Plan (Plan of Care; POC)	<p>Requires development of a specific written POC prior to the beginning of covered treatment services.</p> <p>Adds new requirements to POC. DPI will be providing LEAs discipline-specific POC templates prior to August 15, 2018.</p> <p>Features of the new POC requirement which are met with IEP/504 Plan development include:</p>

		<ul style="list-style-type: none"> • developed in collaboration with the student, parent(s) or legal guardian(s), teacher, and medical professional • considers performance in both clinical and natural environments • includes short and long term functional goals and specific objectives determined from the evaluation • must be reviewed at least annually and must target functional and measurable outcomes • duration consists of a start and end date (no more than 12 calendar months) • frequency of services • length of each treatment visit in minutes <p>Features of the new POC requirement which are NOT met with IEP development include:</p> <ul style="list-style-type: none"> • discipline-specific treatment diagnosis and any related medical diagnoses • rehabilitative or habilitative potential • defined specific and measurable goals for each therapeutic discipline • skilled interventions, methodology, procedures, modalities and specific programs to be utilized • name, credentials and signature of professional completing POC dated on or prior to the treatment
Subsection 3.11	<p>Treatment Services Replaces and revises old Section 5.4</p>	<p>Covered treatment services requirements include:</p> <ul style="list-style-type: none"> • treatment is medically necessary • evaluations precede and inform treatment • physician order (valid up to 12 months) • treatment plan/POC (valid up to 12 months) • current IEP (valid up to 12 months)
Subsection 3.12	<p>Added: Re-evaluation Services Re-evaluation services are the administration of an evaluation protocol, involving testing and clinical observation as appropriate for chronological or developmental age, which results in the generation of a written evaluation report. This protocol may include interviews with parent(s), legal guardian(s), other family members, other service providers, and teachers as a means to collect assessment data from inventories, surveys, and questionnaires.</p>	<p>Clarifies requirement for a written re-evaluation report for all covered services.</p> <p>Removes requirement for service to appear on subsequent IEP for reimbursement of re-evaluation. Now, evaluations and re-evaluations are covered regardless of what services are included in the IEP, as long as other Medicaid policy requirements are met.</p>

<p>Subsection 3.13</p>	<p>Added: 3.13 Discharge and Follow-up a. Discharge 1. The therapy must be discontinued when the beneficiary meets one of the following criteria: A. achieved functional goals and outcomes; B. performance is within normal limits for chronological age on standardized measures ; C. overt and consistent non-compliance with treatment plan on the part of the beneficiary; or D. overt and consistent non-compliance with treatment plan on the part of parent(s) or legal guardian(s). 2. At discharge, the therapist shall identify indicators for potential follow-up care. b. Follow-Up Re-admittance of a beneficiary to therapy services may result from any of the following changes in the beneficiary's: 1. functional status; 2. living situation; 3. school or child care; or 4. personal interests.</p>	<p>While Medicaid coverage for services may end for the reasons stated in the policy (i.e., goals are met, student performance meets age-level standards, and/or student and/or parents do not adhere to their roles/responsibilities in therapy), services would continue per the student's IEP.</p>
<p>Subsection 6.1</p>	<p>Under psychological/counseling services added: licensure as a licensed Professional Counselor by the North Carolina Board of Licensed Professional Counselors and School Psychologist</p>	<p>Aligns with changes to Subsection 3.8. Limits coverage of evaluations to licensed psychologists or school psychologists.</p>
<p>Subsection 7.8</p>	<p>Added: Post Payment Review</p>	<p>Replaces and expands old Subsection 7.3. Extends scope of review to include compliance, investigation of complaints, and pre-payment reviews.</p>

Questions regarding this professional development may be directed to Lauren Holahan at lauren_holahan@med.unc.edu/919-428-7201 or laurie_ray@med.unc.edu /919-636-1827.